

Message Text

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22

ACTION L-03

INFO OCT-01 EA-07 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03

SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15

STR-04 CEA-01 EUR-12 /090 W
----- 006896

R 160944Z AUG 76

FM AMEMBASSY RANGOON

TO SECSTATE WASHDC 2131

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E.O. 11652: N/A

TAGS: EIND, BM

SUBJ: STATUS OF BLOCKED FUNDS

REF: 75 RANGOON 1632

1. EMBASSY OFFICERS HAVE CONTINUED DIALOGUE WITH RESPONSIBLE GUB OFFICIALS REGARDING THE STATUS OF BLOCKED ACCOUNTS OF U.S. FIRMS. THERE HAS BEEN NO CHANGE IN GUB POLICY TOWARD THESE FUNDS DURING THE PAST YEAR, AND FOR ALL PRACTICAL PURPOSES THESE FUNDS REMAIN FROZEN PENDING A GENERAL POLICY DECISION ON THEIR RELEASE. AT PRESENT THESE FUNDS CAN BE RELEASED ONLY ON A CASE-BY-CASE BASIS, AND ONLY IN LOCAL CURRENCY TO MEET LEGITIMATE LOCAL EXPENSES, I.E. THE GUB MUST FIRST APPROVE THE PURPOSE FOR WHICH THE FUNDS WILL BE SPENT AND ONLY AN AMOUNT SUFFICIENT TO MEET THAT APPROVED EXPENDITURE WOULD BE RELEASED.

2. AS THE LARGEST SHARE OF THESE BLOCKED ACCOUNTS BELONG TO BRITISH FIRMS, WE HAVE BEEN FOLLOWING THE PROGRESS OF THE BRITISH EMBASSY'S ATTEMPT TO REACH AN AGREEMENT WITH GUB IN THIS MATTER. ACCORDING TO BRITISH EMBASSY SOURCES, HMG AND GUB HAVE SETTLED ONE SMALL PART OF THE QUESTION.

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BRITISH SUBJECTS WHOSE PERSONAL ACCOUNTS WERE FROZEN

WILL BE PAID BY HMG IN HARD CURRENCY. THE BRITISH EMBASSY WILL RECEIVE THE KYATS FROM THESE ACCOUNTS TO MEET LOCAL EXPENSES. HOWEVER, NO AGREEMENT HAS YET BEEN REACHED ON THE LARGER QUESTION OF BLOCKED ACCOUNTS OF U.K. COMPANIES. BRITISH EMBASSY SPECULATES THAT ANY FINAL AGREEMENT ON THESE CASES WILL PROBABLY BE SIMILAR TO THAT OF THE PERSONAL ACCOUNTS, I.E. A LUMP-SUM KYAT PAYMENT TO THE BRITISH EMBASSY WITH HMG REIMBURSING THE U.K. FIRM IN HARD CURRENCY.

3. THE GUB WILL LIKELY CITE ANY SUCH AGREEMENT AS PRECEDENT FOR SETTLEMENT OF OTHER CLAIMS. AS THE USG ALREADY HOLDS CONSIDERABLE LOCAL CURRENCY IN BURMA, WE DOUBT THAT SUCH A FORMULA WOULD BE AN ACCEPTABLE SOLUTION TO THE BLOCKED ACCOUNTS OF U.S. FIRMS.

4. THE EMBASSY WILL CONTINUE TO PRESS FOR DIRECT SETTLEMENT BETWEEN THE GUB AND THOSE U.S. FIRMS WITH BLOCKED ACCOUNTS IN BURMA. WE SHALL ALSO CONTINUE TO MONITOR HMG EFFORTS TO REACH AN AGREEMENT ON THE BLOCKED ACCOUNTS OF U.K. FIRMS.

OSBORN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BLOCKED ASSETS, POLICIES, NEGOTIATIONS, DEBT REPAYMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 16 AUG 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MartinML
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976RANGOO02831
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760313-1105
From: RANGOON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760850/aaaabrfl.tel
Line Count: 83
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION L
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 RANGOON 1632
Review Action: RELEASED, APPROVED
Review Authority: MartinML
Review Comment: n/a
Review Content Flags:
Review Date: 24 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24 MAY 2004 by GarlanWA>; APPROVED <15 SEP 2004 by MartinML>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: STATUS OF BLOCKED FUNDS
TAGS: EIND, BM
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006